

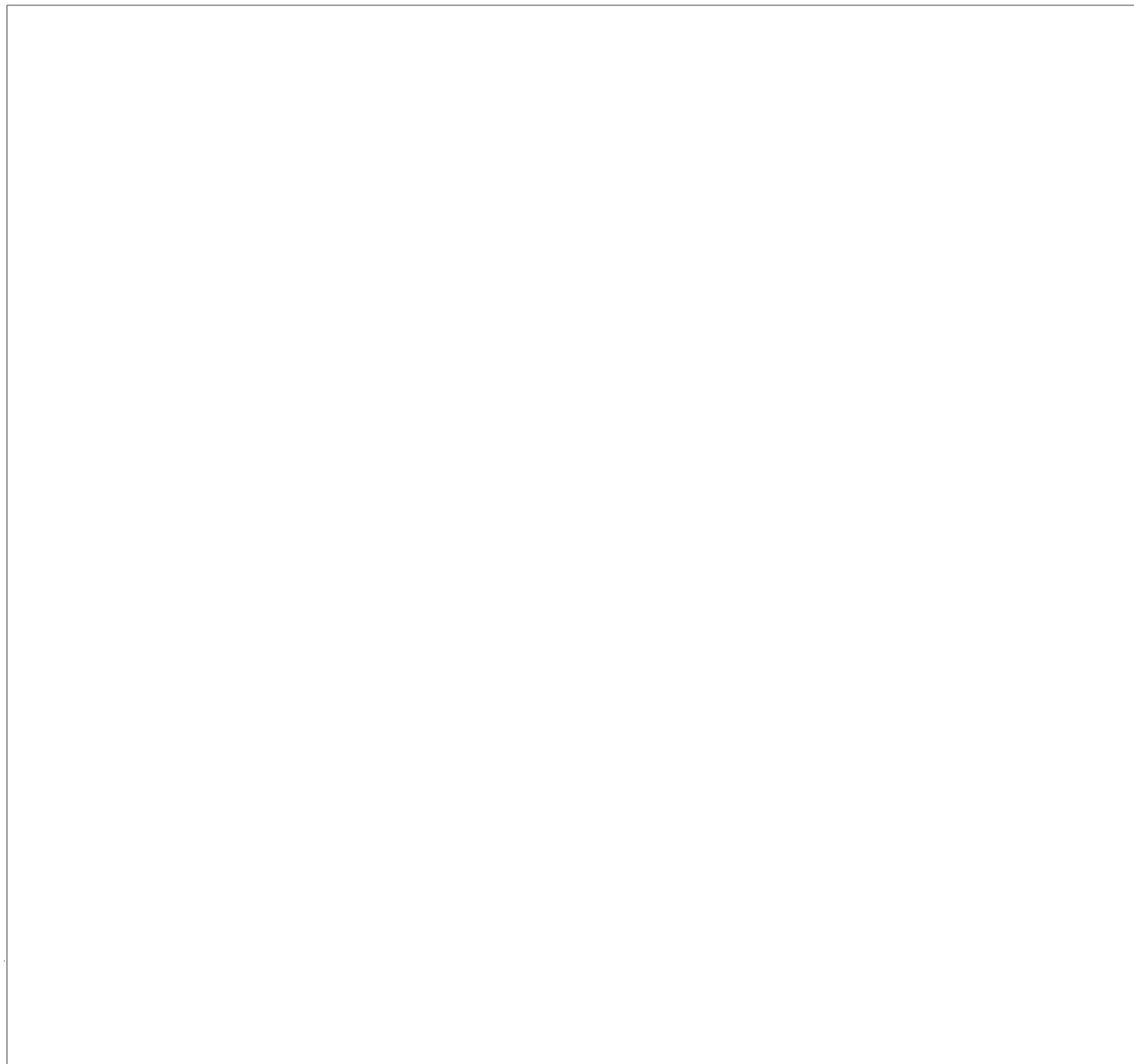
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State Dept. review completed

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2. POLAND: Aggressive emphasis on "strategic" value of coal--US Embassy Warsaw indicates that since the intensification of Western European defense preparations, Poland appears to have become more aggressive in demanding "war potential" material from the West in return for coal. As evidence the Embassy cites the recent Polish trade negotiations and agreements with the Scandinavian countries as well as the strong pressure being brought on the Netherlands through the cessation of Polish coal deliveries. One Polish negotiator reportedly commented, "Coal is our strategic commodity and we want strategic commodities in return." The Embassy adds that Poland has raised coal prices to the level of US-delivered coal prices.

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3. CHINA: Estimate of Communist intentions--US Embassy The Hague has learned that the Dutch Charge in Peiping recently reported to his government that the Chinese Communists were so carried away with Chinese "volunteer" successes in Korea that they would accept no concessions other than complete capitulation to their demands. The Dutch Charge also said the Chinese Communists are now in so exalted a state of mind that they think almost anything is possible for them to achieve.
4. INDOCHINA: De Lattre's measures judged effective--US Legation Saigon considers that French High Commissioner de Lattre's "strenuous efforts to take hold of the situation," which at first appeared swashbuckling and unrealistic, have definitely had a salutary effect on the morale of all troops in Indochina. De Lattre himself declares that he is no longer concerned over the renewal of the Viet Minh offensive and

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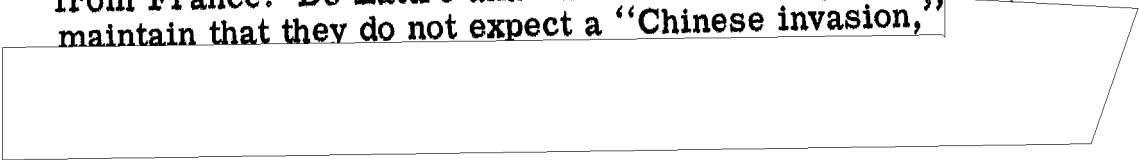
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does not expect the French to lose an inch of ground. He has informed the Legation that he is postponing his projected trip to Paris until after the middle of February, in order to be on hand during the period of possible Viet Minh attacks, and that in view of the necessity of rapidly building up the metropolitan army, he has decided not to ask for heavy reinforcements from France. De Lattre and Bao Dai's military advisers maintain that they do not expect a "Chinese invasion,"



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